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November 22, 2006

The Board of Directors
The LSU in Shreveport Foundation, Inc.
Shreveport, Louisiana

The Board of Supervisors
Louisiana State University System
Baton Rouge, Louisiana

Louisiana Board of Regents
Baton Rouge, Louisiana

Legislative Auditor, State of Louisiana
Baton Rouge, Louisiana

Independent Accountant's Report on Applying Agreed-Upon Procedures

We have performed the procedures enumerated below, which were agreed to by management of The LSU in Shreveport Foundation, Inc. (the "Foundation"), the Board of Supervisors of the Louisiana State University System, the Louisiana Board of Regents and the Legislative Auditor of the State of Louisiana, solely to assist the users in evaluating management's assertion about the effectiveness of The LSU in Shreveport Foundation, Inc.'s internal control structure over compliance with requirements concerning the Eminent Scholars and Endowed Professorships Program (the "Program") during the year ended June 30, 2006. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Procedures and Findings

1. Determine that the Program funds have been managed in compliance with the provisions set forth in the Louisiana Board of Regents Statement of Investment Policy and Objectives.

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Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 12-6-06

We obtained the written investment policy statement that has been adopted by The LSU in Shreveport Foundation, Inc. and noted that such policy encompasses the Louisiana Board of Regents' requirements. As for the management fee computation, the Foundation computed the management fees for fiscal year ended June 30, 2006, based on the balances at the beginning of the fiscal year. In addition, the Foundation has hired outside professional investment managers to help provide assurance that the policies are followed. Finally, we tested compliance with the policies and noted substantial compliance with such policies.

2. Determine that the annual financial reports for the Program submitted to the Board of Regents were accurate and agreed to the accounting records of the Foundation.

We tested agreement of the amended annual reports to the Foundation's accounting records and noted no significant exceptions.

3. Determine that the proceeds of the endowments were used as salaries or as a supplement for salaries or for other expenses related to scholarly work for eligible faculty members.

We obtained a copy of the Foundation's spending plan for endowment spending and verified that it is in compliance with the Board of Regents Statement of Policy and Objectives. We selected a sample of expenditures and verified that selected expenditures were used as salaries or as a supplement for salaries or for other expenses related to scholarly work for eligible faculty members.

4. Determine that the Foundation complied with all provisions of the Management Agreement with the university.

We obtained a copy of the Funds Management Agreement between the Foundation and Louisiana State University. We determined that the Foundation was in compliance with provisions of the agreement.

5. Determine that investment earnings generated from pooled assets involving endowed chair or professorship money have been properly allocated to the chairs and professorships in accordance with the Louisiana Board of Regents Statement of Investment Policy and Objectives.

We tested the allocation of investment earnings to the chairs and professorships. Allocations tested were in accordance with the Louisiana Board of Regents Statement of Investment Policy and Objectives.

6. Determine that the value of the state funds held by the Foundation as reported in its financial statements is equal to the amount recorded in the university's books.

We obtained the financial statements of LSU in Shreveport as of June 30, 2006, and agreed the Restricted Assets - Investments balance to the liability Due to LSU in Shreveport balance on the financial statements of the Foundation. The value of state funds held by the

Foundation as reported in the audited financial statements is equal to the amount recorded on the University's books.

7. Provide the fair value (audited) at June 30, 2006 and June 30, 2005 of the university investments (state funds only) held by the Foundation.

The audited fair value at June 30, 2006 and June 30, 2005 of the LSU in Shreveport investments held by the Foundation was \$2,827,436.53 and \$1,981,947.82, respectively. (See Exhibit A.)

8. Provide a description of the types of investments held by the Foundation for the university (debt securities, equity securities, governmental securities, interest-earning investment contracts, etc.)

Based on an internal listing provided by the Foundation, and tested by confirming 100% of the Foundation's investments, the following is a description of the types of investments held by the Foundation for the university: money market funds, debt securities, equity securities, and governmental securities.

9. Provide a description of the methods, assumptions, and/or sources used to determine fair value for all individual types of investments of the university.

Sources used to determine fair market value of investments include monthly investment statements prepared by an external securities brokerage and clearing firm, Charles Schwab & Company, Inc., who uses stated market prices.

10. Provide a brief description of any regulatory oversight for the investment pool and whether the fair value of the position in the pool is the same as the value of the pool shares.

Charles Schwab & Company, Inc. is SEC-registered and is therefore subject to regulatory oversight. The fair value of the position in the pool is the same as the value of the pool shares.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on management's assertion. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of management and the board of directors of The LSU in Shreveport Foundation, Inc., management and the Board of Supervisors of the Louisiana State University System, the Louisiana Board of Regents, and the Legislative Auditor, State of Louisiana, and should not be used by anyone other than these specified parties.

Heard McElroy + Vestal, LLP

Exhibit A

Fair Value of the University Investments Held by The LSU in Shreveport Foundation, Inc.

	June 30, 2006 Market	June 30, 2005 Market
Jerry D. Boughton Professorship in Business	44,557.22	43,195.72
BellSouth Professorship in Business	44,528.18	43,195.72
Kilpatrick Life Insurance Chair	653,499.58	97,022.88
Oscar Cloyd Real Estate Super Professorship	98,325.07	91,703.48
Wesson-Bridger Professorship in Teacher Education	43,703.71	-
Dalton J. Woods Professorship in Teaching	41,034.32	-
Elmer N. Simon, Jr. Professorship for Excellence in Teaching	44,889.31	43,663.76
Joe and Abby Averett Professorship in Business	44,584.74	43,195.72
Vincent J. Marsala Alumni Professorship	42,444.87	-
Leonard and Mary Ann Selber Professorship	40,000.00	-
Fred and Sybil Patten Excellence in Teaching in Liberal Arts Professorship	48,198.61	47,110.81
India Studies Professorship	49,901.48	48,440.12
George A. Khoury, Jr. Professorship in American Humanics	52,667.63	50,826.29
American Studies Chair	558,523.32	533,637.14
James K. Elrod Professorship in Health Care Administration	93,441.85	49,834.46
George and Regina Khoury Professorship in Science	53,441.85	49,834.46
Dr. Richard K. Speairs Professorship in Field Biology	51,488.42	49,649.81
Don and Earlene Coleman Red River Watershed Management Institute Professorship	48,741.98	46,673.59
AEP SWEPCO LaPrep Professorship	52,874.01	50,930.98
Ruth H. Noel Chair	720,590.38	693,032.88
	<u>2,827,436.53</u>	<u>1,981,947.82</u>